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SUBJECT: MEXICAN SENATOR SANTIAGO CREEL REMOVED AS PAN
SENATE PARTY LEADER

¶1. (SBU) SUMMARY: PAN's surprise removal of the party's Senate Leader June 9 stemmed from dissatisfaction with his ability to win passage of an administration-backed energy reform bill. A party insider and a think tank expert told Poloff that Santiago Creel's poor relationship with the media had undermined his effectiveness in making the case for the bill to the public. A colleague and supporter of Creel inside the Senate suggested poor personal relations between PAN President German Martinez and Creel also factored significantly into the decision. Creel was replaced by Gustavo Madero who has made it clear campaigning for adoption of the energy reform bill will be a priority and has already ruffled opposition party feathers in the process. The move signals that President Calderon has shored up his position within the party to the extent that he and Martinez could do something like this to someone who was the President's strongest rival just two years ago. END SUMMARY.

¶2. SBU) Many reasons contributed to PAN President German Martinez's decision to replace Creel, including his inability to parry opposition PRD efforts to de-rail fast track approval of energy reform in April, revelations that he had fathered an out-of-wedlock child with a prominent actress and friction with the party's leadership. Creel also didn't catch many breaks from Mexican media, with which he maintained a conflictual relationship. Political analyst Juan Pardines pointed out that Creel had alienated the major broadcasters in particular by supporting the Electoral Reform law that severely reduced the revenue stream from political ads and last year applauding the Mexican Supreme Court's 2007 decision to overturn many of the anti-competition provisions of the 2006 Radio and Television Law. Resentful of Creel, the two broadcast giants, TV Azteca and Televisa, have made it a point to deny him the television coverage necessary to making the administration's case for energy reform.

Creel Fails to Deliver on Energy Reform

¶3. (SBU) Juan Carlos Luna, the PAN Party's Director General for International Relations, maintained that, media hostility aside, Creel had simply mishandled PRD's opposition to the administration's energy bill, saying party leaders were frustrated that the Senate agreed to a 71 day debate on energy reform in return for an end to the PRD's April seizure of Congress. He said the lengthy energy debate has played into the hands of the PRD, which has framed the reform bill as an assault on Mexican sovereignty, undermined the administration's chances of winning adoption of meaningful reform and enabled the opposition party to regain some of the ground and credibility it lost over the past year and a half.

¶5. (SBU) Luna also alleged that the delay has also afforded PRI an opportunity to squeeze concessions out of the PAN to secure its support. Luna claimed that President Calderon reportedly agreed not to remove unpopular, underperforming PRI Governors of Puebla and Oaxaca, both under a cloud for

heavy-handed actions in 2006. (Comment: We believe it is unlikely that Calderon would seriously consider exercising his constitutional right to remove sitting governors. End Comment.) Luna also said that the PRI has asked PAN not to seriously contest local and gubernatorial elections next year in areas where PRI maintains solid control, as well as to hold back in pushing substantial labor reform that would threaten PRI union bosses. Luna indicated that Creel has been made the scapegoat for PAN concessions to PRI demands.

All Politics is Personal

¶6. (SBU) According to PAN Senator Adriana Gonzalez, a colleague and friend of Creel's, however, the primary reason that Creel was dismissed was because of a difficult working relationship between Martinez and Creel. It also bears recalling Creel ran against Calderon for the PAN presidential nomination. Gonzalez maintained Martinez feels more comfortable with the newly named PAN Party Senate leader, Gustavo Madero. Gonzalez also expressed disdain over Martinez's decision to name Madero without consulting with PAN Senators as prescribed by internal PAN party rules. According to International Republican Institute representative in Mexico Juan Henao, the move will hurt the President and party in coming months as the appearance is that it was done in a non-transparent fashion.

Madero Bio

¶7. (U) Meanwhile, Gustavo Enrique Madero Munoz, named to replace Creel, is already making headlines. Madero, from the state of Chihuahua, is nephew of the legendary

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revolutionary leader Francisco I. Madero and describes himself as &one more of the barbarians from the North.8 Madero has a reputation for being direct and tough when negotiating. While polite by nature, he can become extremely severe in responding to reporters who do not have their facts straight. He exercises regularly and is in good physical shape. He makes an attractive case as the point person for promoting and defending PAN and GOM economic proposals given his experience and contacts with both the private and public sectors.

¶9. (SBU) COMMENT: Although the magnitude of the change, and the way in which it was handled, indicate that Calderon has consolidated his position in the party, the replacement of Creel comes from a position of legislative weakness in a last ditch effort to recover lost ground on energy reform. Madero has made it no secret he intends to make winning passage of the administration's energy reform bill a priority. Ironically, though, his initial steps seem to have set back efforts to secure the PRI votes he needs. Suggestions that he was reneging on "deals" with the PRI to secure its support and his announcement that he was prepared to peel off PRI Party Senators one by one only provoked a hostile PRI Party rebuke. Calderon already has expended significant political capital on a number of major initiatives in his first year and a half in office--fighting organized crime, reform of the penal justice system, and pension and tax reform. While the administration's energy bill will not solve all of the problems of Mexico's energy sector, it would be a major political victory if the new PAN coordinator could somehow pull it off and add another notch to Calderon's belt. END COMMENT.

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